



### **SF Phosphates Limited Company**

A Utah Limited Liability Company 9401 North Hwy. 191 Vernal, UT 84078-7802 (435) 789-7795

April 11, 2001

3rd Submissal

Anthony Gallegos State of Utah Division of Oil, Gas, and Mining PO Box 145801 Salt Lake City, Utah 84114-5801

RE: Reclamation Bond revision, SF Phosphates Limited Company, Vernal Phosphate Operations, M/047/007, Uintah County, Utah

Dear Mr. Gallegos:

Enclosed is a detailed review of the SF Phosphates reclamation surety estimate. Subject to your final review, we anticipate completing the surety process soon. We acknowledge additional surety amount will be added to the proposed figures to account for equipment mobilization, 10% contingency, site monitoring, and 5-year escalation. The \$15,000 figure proposed for 3-year DOGM site monitoring should be adequate.

If you have any questions please call at 435-781-3348 or e-mail to Rryan@simplot.com.

Sincerely,

Ron Ryan

**Environmental Specialist** 

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APR 1 2 2001

DIVISION OF OIL, GAS AND MINING

### **Bond Review**

The reclamation bond is comprised of calculations of estimated reclamation costs for each of 14 separate reclamation categories, as described below. Categories represent reclamation events involving similar tasks and activities, and therefore bearing similar unit costs for reclamation. Cost figures for reclamation categories are tabulated in Figure 1, Bond Summary. Unit cost estimates for specific reclamation tasks are taken from DOGM surety estimate tables.

Mining Disturbance-active area: All areas within the active mine that are disturbed and not fully reclaimed are included in this category. Disturbed area is surveyed at the end of each year, and areas calculated using the resulting Auto-CAD map of the surveyed area. The attached Reclamation Progress Map, Figure 2, dated January, 2001, displays the parcels included in the total acreage figure used in the bond summary calculation. The cost per acre rate is taken from DOGM estimates.

Mine Operational Area: This includes roads, conveyor right-of-ways, lay-down areas and other disturbed areas indirectly associated with mining. Parcels of 28.4 and 59 acres are indicated on the Reclamation Progress Map. These areas, in most part, will not be reclaimed within the predicted mine life.

Mining Reclaimed: Parcels that have been fully reclaimed but have not yet achieved the three-year minimum growth period required for bond release are included in this category. The majority of the reclamation work has been completed, and thus most of the reclamation costs have been incurred. Because the costs have already been incurred, the risk to the State is minimal. Costs included in the rate represent reseeding and fertilization only. Yearly inspections and the annual report and acreage tracking confirm mine reclamation and disturbance status. Acreage considered under future mining provides an additional level of security for the State.

Future Mining: This category provides a buffer for mine disturbance and represents additional acreage to be disturbed over the next three years. Three years future mining is more than adequate because of the concurrent reclamation method. Each year some portion of ground surface is disturbed, while some acreage is reclaimed, and other released from bond. Annual production estimates of 4,000,000 tons per years of ore from the 17.3 foot average ore seam thickness accounts for approximately 60 acres of disturbance per year. An additional 10 acres per year are included for peripheral disturbance. The division tracks progress through annual inspections and annual mining reports.

Figure 3 calculates the current bond liability associated with the 4 categories of 'mining' disturbance described above. Each of the footnoted and the footn

Figure 3 calculates the current bond liability associated with the 4 categories of 'mining' disturbance described above. Each of the four categories described above are represented in the calculation, and a dollar figure representing the total maximum bond liability is calculated as 'Total Mine Disturbance Bond'. Also included in this spreadsheet is a disturbance cost scenario through the five-year bond period. Estimates of disturbed acreage and reclaimed acreage are entered for each of the upcoming five years, and acreage balances and bond liabilities are calculated. This allows a comparison between the surety bond figure and the actual bond liability at any given time. The \$1,273,013 figure under 'Total Mine Disturbance Bond' is compared to each of the annual summation figures listed under 'Total Year-end Cost'. At no

time does the projected bond liability approach the bond amount proposed for this revision. Actual acreage figures for active mine disturbance, mine reclamation, and bond release can be inserted into this spreadsheet each year to help track bond liability.

**SAG Mill and Mine Shop Area:** The areas encompassed by and immediately surrounding the **SAG Mill and Mine Shop buildings are** included in this category. Demolition and removal of the buildings themselves are included in the demolition category.

**Plant Facilities Area:** This represents the area encompassed by and immediately surrounding the concentrator mill and offices. Building demolition and removal is included separately, in the demolition category.

Paved Roads: This includes the paved access road to the mill offices and to the SAG mill and mine, and indicated on the attached map, Figure 4 and listed in table form as Figure 5. Acreages were measured using AutoCAD aerial topographic mapping performed in September 2000. Road widths were randomly field checked for accuracy.

Unpaved Roads: Unpaved roads ancillary to the mill, tailings pond, and the mine, as indicated on the attached map, Figure 4, and listed in table form as Figure 5. Acreages were measured using AutoCAD aerial topographic mapping performed in September 2000. Road widths were randomly field checked for accuracy.

**Tailings Pond - Miscellaneous Areas:** This category includes all disturbed area required for access and monitoring around the tailings pond and for the dam crest and sand beach. The area parcels included are summarized in Figure 6, and shown on Figure 4, Non-Mining Bond Acreages.

Tailings Pond – Impounded Material: This represents disturbance occurring from inundation of tails water and deposition of tails solids. The acreage figure is that area that will be affected at the end of the five-year bond period. This is the maximum area involved during the bond and is estimated very conservatively in the State's favor. Because none of this area can be reclaimed prior to closure and drainage of the pond, the disturbed area will continue to grow, and a three-year bond acreage is not appropriate. The method used to estimate the pond level at the end of the five-year bond period is as follows:

- 1) Estimate the 2006' pond elevation: The current pond elevation is approximately 5935' above mean sea level. Pond level has historically increased 4 ft per year. Future pond elevation increases are expected to be less than the 4 ft per year observed rate, largely because of increasing pond surface area in proportion to elevation. At 4 ft per year, the elevation in 5 years would be 5955 ft. A similar elevation estimate using predicted production and recovery rates to calculate pond volumes indicates a 5953' level in 2006.
- 2) Define a method to relate elevation to surface area: Figure 7, *Area vs. Elevation* graph, is constructed from AutoCAD map measurements of areas affected at different elevations.
- 3) Find the disturbed area at the given elevation: From the *Area vs. Elevation* graph, 317 acres would be affected at the 5955' elevation.

**Pipeline:** This area figure represents an estimate of the maximum area that would be redisturbed due to pipeline decommissioning or repair at final reclamation.

### Landfill:

Closure of the SF Phosphates landfill facility will commence after the landfill area is full. The estimated time to closure is approximately 20 years. Closure procedures will begin within 30 days after covering the final volume of waste. SF would need to post a bond with the Utah Division of Solid and Hazardous (UDSHW) for the 30-year post reclamation landfill monitoring prior to DOGM's final release of the reclamation bond. This could take place after the typical DOGM 3-year revegetation success monitoring, but prior to DOGM final release of the bond. The bond acreage and cost rate reflect reclamation as detailed in the closure plan submitted to the UDSHW.

### **Demolition:**

Demolition and removal of all buildings, structures, and foundations are including in this estimate. Figure 8 is a table listing individual facilities and the demolition cost estimate associated with each.

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MINING DISHURBARE DOBM PANCE B BALANCE 2000 CHCS 10/20/2000 -238-12,9+70,1+180 Figure 1: BOND SUMMARY = 475.2 **Current Bond Calculation:** Bond Category \$/acre \$ Figure Acres Mining Reclaimed — FULL PECHTURED 313.9 2064) \$647,890 147.8 229 \$33,846 Future Mining - WS 180 210 \$433,440 2064 Mine Operations Area 59+28,4=87,4 87.4 1769 \$154,611 SAG Mill and Mine Shop Area 15+6.2 = 21.2 21.2 1093 \$23,172 Plant Facilities Area - 24 24 1003 \$24.072 Unpaved Roads - 42 42 1449 \$60,858 Paved Roads -/3.1 13.1 1880 \$24,628 Tailings Pond - Miscellaneous Areas 60.98 FROM ? 60.88 1812 \$110,315 Tailings Pond - Miscellaneous Areas Reclaimed 5.5 229 \$1,260 5.5 Tailings Pond - Impounded Material -> 5 51/16 From Now 248 / \$78,616 317 **Pipeline** 2.5 1297 - \$3,243 HERADUR, TO PSOIL, MULCH, SOER Landfill ~ 7.5 1795 \$13,463 Demolition \$646,835 1,252,78 TOTAL \$2,256,246 ACPES **Previous Bond Calculations:** Category Acres \$/acre Mining Disturbance Panel B 286.9 2064 \$592,162 Panel B Reclaimed 147.8 229 \$33,846 27 Panel C 2064 \$55,728 Panel C Miscellaneous 59 1770 \$104,430 0 Panel D \$0 Panel D Miscellaneous 28.4 1770 \$50,268 **Future Mining** 180 2064 \$371,520 SAG Mill and Mine Shop Area 21.2 1093 \$23,172 Plant Facilities Area 24 1003 \$24,072 Unpayed Roads 42 1449 \$60.858 Paved Roads 13.1 1880 \$24,628 Tailings Pond - Miscellaneous Areas 60.88 \$110,315 1812 Tailings Pond - Miscellaneous Areas Reclaimed 229 5.5 \$1,260 Tailings Pond - Impounded Material 317 248 \$78,616 **Pipeline** 2.5 1297 \$3,243 Landfill 1795 7.5 \$13,463 1,222.78400 Demolition \$699,542 TOTAL \$2,247,120 \$ 1,838/ACPE

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	Total	Mine Disturbance	Bond	1	1,272,778	X	1								A VI
ing	Total	Reclamation	Cost		433,440			\	\	\					HOP T IN THE
Future Mining	Reclamation	Cost	Rate	1	2064	)				1	\	\			100
	œ		Acres		210							/	1		1
	Total	Yearend	Cost		839,338			839,338	894,967	955,719	1,020,573	1,082,493	1,144,413		
	Total	Reclamation	Cost		36750			36750	30460	29291	32225	32225	32225		
Area	Reclamation	Cost	Rate		248.65	)		248.65	248.65	248.65	248.65	248.65	248.65		
Mining Reclaimed Area		Balance	Acres		147.8			147.8	122.5	117.8	129.6	129.6	129.6		*
Minin		Released	Acres					1	65.3	44.7	28.2	40	40	\	)
	New	Reclamation	Acres						40	40	40	40	40		
Area	Total	Reclamation	Cost		154698			154698	154698	154698	154698	154698	154698		
Mine Operational Area	Reclamation	Cost	Rate		1770			1770	1770	1770	1770	1770	1770		
Mine		Balance	Acres		87.4			87.4	87.4	87.4	87.4	87.4	87.4		
	Total	Reclamation	Cost		647889.6			647889.6	9.608607	771729.6	833649.6	895569.6	957489.6		
Area	Reclamation	Cost	Rate		2064			2064	2064	2064	2064	2064	2064		
Mining Disturbance - Active Area		Balance	Acres		313.9		0	313.9	343.9	373.9	403.9	433.9	463.9		
ing Disturba		Reclaimed	Acres				TY SCENARIA		40	40	40	40	40		
Min	New	Disturbance	Acres	TY:			VCE/LIABILIT		70	2	02	02	70		
	Outstanding	Disturbance	Acres	CURRENT BOND LIABILITY:	313.9		BOND TERM DISTURBANCE/LIABILITY SCENARIO		313.9	343.9	373.9	403.9	433.9		
				URRENT B	2000		OND TERM		2001	2002	2003	2004	2002		

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8+1/2+2/1+8 - 1,M4,413

LIABILITY SCRUIMED FOR DIVE YEAR.

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Figure 3: Mining Disturbance Bond Liability Calculation and Future Disturbance Scenario

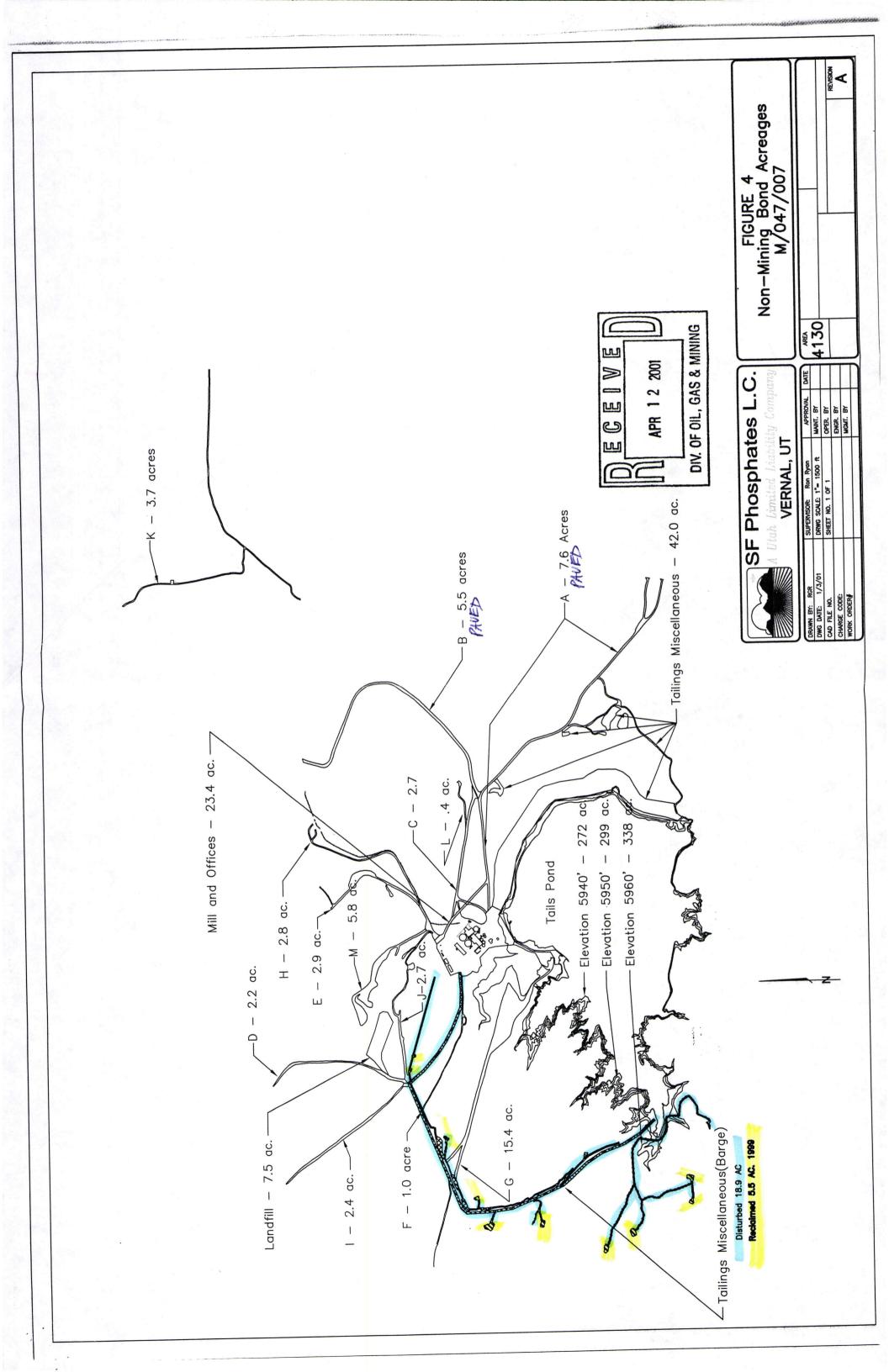


FIGURE 4 - SHOWS FORD ACREAGES (PRICE, UNPRICE)

# Figure 5: Roads Inventory

### **Road Description**

		2001	1984 Road Designation	1984
Мар		Road		Road
Designation		Acreage * 🛆		Acreage
Α	Paved road to mill/office area, both north and south forks.	7.61	Current Entrance	9.2
В	Paved road from fork to Mine and SAG Mill	5.47	SAG Mill	10
С	Dirt road along ratliff, part of original entrance.	2.69 -	Former entrance	3
D	Panel A from landfill	2.22 —	Panel A (1)	4.6
E	Panel A access	2.86	Panel A (2)	4.6
F	Cedar ridge road, boneyard reclaimed.	1.05	Boneyard & Disposal	1.5
G	Tailings dam construction borrow area.	15.43 +	Air Field and Access	9.6
Н	Along slurry line south side.	2.77	Slurry Line	3.5
1	Camp Canyon - not active, partially regrown.	2.44	Camp Canyon	3.6
		42.54		106
	NEW ROADS	MA		49.0
J	Road to Well D, water storage, etc.	2.67		
K	Road to wells B and H, east of Highway 191.	3.69		
L	Ratliff Spring	0.43		
M	Active Mill Boneyard	5.80 3.59		
		12		
	TOTAL PAVED ROADS	13.1		
	TOTAL UNPAVED ROADS	42.0		
	* all 2001 acreages measured on autocad - see attached map	550		

# **Expired Roads:**

		explanation:	
Panel A (3)	0.00	reclaimed	3.3
Tailing Access	0.00	Included with Tailing Miscellaneous	4.9
Catch & Slurry Dams	0.00	Counted with tailings - misc	8.0
Stacker Access	0.00	Counted with Panel C and B miscellaneous	2.2
Panel "C" Mine	0.00	counted with mining disturbance	1.8
Upper Tails	0.00	Covered by tails pond	1.2
		16.1	145

1.2

# FIGURE 6: Tailings Storage Facility Acreages

# Tailings Misc acres disturbed:

	TOTAL AREA UNRECLAIMED TOTAL AREA RECLAIMED	Barge Area - reclaimed	Barge area - unreclaimed	access- includes catch dam and seepage	south seepage	middle seepage	north seepage	Seepage collection	Dam crest and beach		
84.99	5.5	5.5 1999	18.9	2.55	1.59	0.20	0.71		36.93	acres	

FIGURE 7: Elevation VS Surface Acres SF Phosphates Tailings Storage Facility

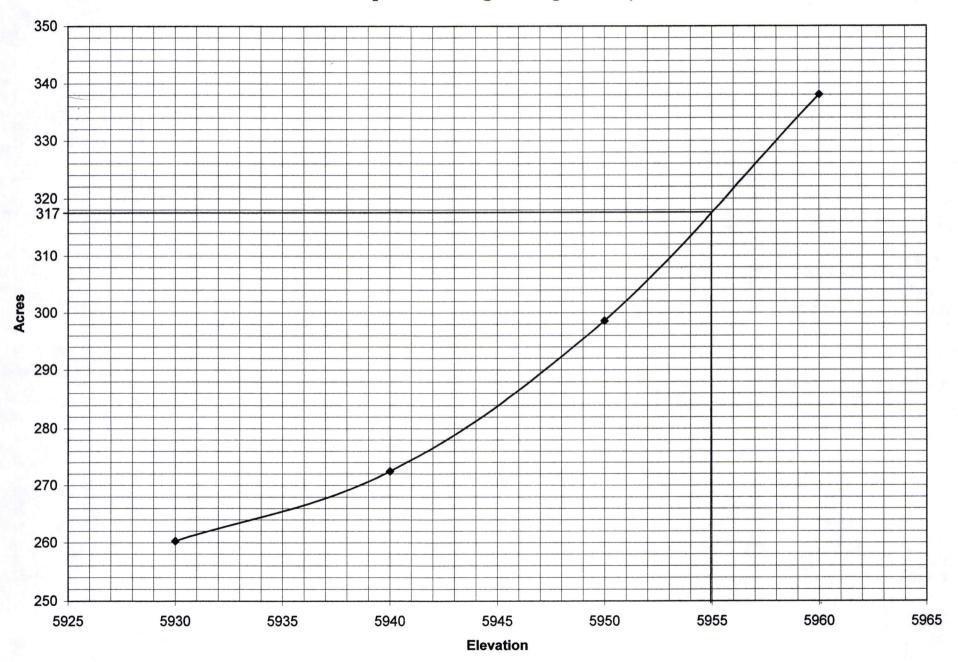


	FIGURE 8: Demo	olition	Cost	Estim	ate //	16E	= 1/2			, NO HEAVE	frewer TE?	what L	FOR <sup>7</sup>	\$ 54,359 4 26,126	FT O.O	88 / A 7 C	of total cost of with price of with price of grown powers
	Buildings and Structures	Building Dimens L(ft)	ions		Bldg Vol (cf)		Construct Descript.	Concrete slab 1ft thick Area (sq ft)	Concrete slab 2ft thick Area (sq ft)		Concrete demo. cost (\$)	Means Daily production	Means rate	Bidg. Demo Cost (\$)	Total Buff Cost (\$)	Means cost adjustment for Price, Utah	Comments Comments
01	Mine Shop Mine oil shed Mine fuel storage Stacker Shed Feeder brkr MCC Feeder brkr tool bldg Stacker	173.25 41.99 42.49 18.82 20.29 17.2	61.49 30.09 17.52 16.04 15.48 15.24	16 16 16 16	426,126 20,216 11,911 4,830 5,025 4,194	50	mix mix concrete mix mix mix tons steel	10,653 632 372 151 157 131		2.25 2.25 2.25 2.25 2.25 2.25	23,970 1,421 837 340 353 295	21500 21500 15300 21500 21500 21500	1884.85 1884.85 1884.85 1884.85 1884.85 1884.85	1,772 1,467	61,327 3,194 2,305 763 794 663 33,250	35,324 1,840 1,328 440 457 382 19,152	
02	SAG Mill Build SAG Warehouse SAG Switch gear SAG MCC Steady head tank Potable water bldg. Apron Feeder Tunnel Reject Conveyor gallery	146 51.02 31 39.26 99.6 12.3	92 34.05 14.12 30.83 22.56 10.01	12 16	873,080 27,796 5,253 19,366 35,952 3,078 0	25	steel mix steel mix concrete mix concrete tons steel	1,737 219 605 1,123 62 2,500	13432 - SAUC AS MIX	4.5 2.25 2.25 2.25	60,444 3,909 492 1,362 3,404 187 7,575	21500 21500 21500 21500 15,300	1884.85 1884.85 1884.85 1884.85 1884.85	76,541 2,437 460 1,698 4,429 7,387	136,985 6,346 953 3,059 7,833 7,574 7,575	78,903 3,655 549 1,762 4,512 4,363 4,363 9,576	
03	Office-Lab-warehouse Rubber shop Elect. Shop Core Bldg Old Office Bldg Lay down Area	260.25 130.71 103.12 37.16 68.83	63.88 41.53 51.51 32.94 49.2	24 24 24 16 12	398,994 130,281 127,481 19,585 40,637 0	X.	steel steel mix mix	12,469 2,714 2,656 612 1,693		2.25 2.25 2.25 2.25 2.25	28,054 6,107 5,976 1,377 3,810	21500 21500 21500 21500 21500	1884.85 1884.85 1884.85 1884.85 1884.85	34,979 11,421 11,176 1,717 3,563	63,033 17,528 17,152 3,094 7,372	36,307 10,096 9,879 1,782 4,246	
04	Mill Hydrosizer bldg Primary flotation bldg Pump station Scav. Grind Scav Flotation Scav Section MCC West TeePee East TeePee Conc. TeePee	104.05 154.87 99.44 151.2 77.09 24	30.7 83.66 83.85 96.04 55.62 36	80 60 40 30 30 12	255,547 777,385 333,522 435,637 128,632 10,368 0 0	20 20 14	metal metal metal steel steel mix tons steel tons steel	Shac 13	3194.335 12956.4242 8338.044 14521.248 4287.7458 864	4.5 4.5 4.5 4.5 4.5 4.5	14,375 58,304 37,521 65,346 19,295 3,888 0 0 24,240	21500 21500 21500 21500 21500 21500	1884.85 1884.85 1884.85 1884.85 1884.85	22,403 68,151 29,239 38,191 11,277 909 13,300 13,300 9,310	36,778 126,455 66,760 103,537 30,572 4,797 13,300 13,300 33,550	21,184 72,838 38,454 59,637 17,609 2,763 7,661 7,661 19,325	
05	Tanks No.1 Slurry Tank No.2 Slurry Tank No.3 Slurry Tank No.4 Slurry Tank No.5 Slurry Tank Reclaimn water Thick Slurry surge tank Reclaim water tank Fresh water tank 1 Fresh water tank 2 Potable water bldg Ratliff Spring Build water well A water well B	100 18 30 12 12	50 24 30 10	16 12 10	0 0 0 0 0 0 100,000 0 6,912 10,800 1,200	16 16 16 10 10 5 16 5 5	tons steel concrete tons steel mix mix mix mix	2,000 2,000 2,000 970 970 11,000 216 2,250 60 60		2.25 2.25 2.25 2.25 2.25 2.25 2.25 2.25	6,060 6,060 2,939 2,939 33,330 486 5,063 135	15,300 21500 21500 21500 21500	1884.85 1884.85 1884.85 1884.85	10,640 10,640 10,640 6,650 3,325 10,640 12,319 3,325 3,325 606 947 105	16,700 16,700 16,700 9,589 9,589 3,325 10,649 45,649 3,325 1,092 6,009 240 240	9,619 9,619 9,619 5,523 5,523 1,915 6,129 26,294 1,915 1,915 629 3,461 138	

D/\$ 10,0 18:652/1=8 DO CUREDO 46.114 £ 85.X 14 St. I 19/1 10005 KG Ha/61.5301 2004 5 Ha/ 28.188/8 18:5521 -8-d moto 02' ± 115 => HURY 25% to 2 OPINEDS & THUCKS 205 TOUGH HALL DE SOUTH DE THILL DESTINO - 101 HALL DESTINO - 100 HALL DESTINO - 50 HALL DESTINO - 50

( 1000) ( 1000) ( 1000) ( 1000) ( 1000) ( 1000) ( 1000)

## FIGURE 8-PAGE 2/2 DEMOLITION COST ESTIMATE

6 g- No Herry bern to been concrete.

Buildings and	Building			Bldg			Construct	The second secon	Concrete					Bldg.	Total	Means cost adjustment for	
Structures	Dimens L(ft)		H(ft)	Vol (cf)	- 1		Descript.	slab 1ft thick Area (sq ft)	slab 2ft thick Area (sq ft)	Removal cost/sq ft		Daily production		Demo Cost (\$)	Cost (\$)	Price, Utah	Comments
water well C	12	-	_	-	1,200	$\dashv$	mix	60	-	2.25		-	-		The second liverage of the second		
water well D	12				1,200	-	mix	60	1	2.25				105	240	138	
water well E	12			0	1,200	- 1	mix	60		2.25		21500	1884.85	105	240	138	
water well H	12	10	1	0	1,200		mix	60		2.25	135	21500	1884.85				
Catch Dam pumphouse	12	14	1 1	0	1,680		mix	84		2.25	189	21500	1884.85	147	336	194	
Truck Scale	75	20			0		concrete	1,500		2.25	4,545			0	4,545	2,618	
Scale House	12			0	1,200		mix	60		2.25	135	21500	1884.85				
Conc. Bins	1			1	0	5	tons steel				0			3,325			
Jet Belt	350	l	1	1	0	14	tons steel		1		0			9,310	9,310	5,363	
Conveyor gallery 18	75	A. 2	1		0	19	tons steel	1			0			12,469			
Conveyor gallery 18a	35		1	1	0	9	tons steel	l		1	0			5,819			
Conveyor gallery 3	150			1	0	38	tons steel				0		-	24,938	24,938		
Conveyor gallery 4	200		1	1	0	50	tons steel				0			33,250	7775.2.2.2.2.2.2.3		
Conveyor gallery 13	200	l	1	1	0	50	tons steel				0			33,250			
Conveyor gallery 13a	25	1	1		0	6	tons steel				0			4,156			
Conveyor gallery 14	125			1	0	31	tons steel	l			0			20,781	20,781	11,970	

\$ 646,834.52) TOTAL

Building demolition from RS Means' 2001 Heavy Construction Cost Data, adjusted for short haul distance and buildings lacking interior walls.

Concrete floor removal costs are from an estimate provided by Grant Mackay Demolition Company. #2.25/FTZ FOR FT THICK > \$2.25/FTZ FOR FT THICK > \$2.25/FTZ

Steel cost estimates are from an example provided by DOGM. \$4,90/FTZ FOR ZET THICK =7\$2,25/cF =7\$60.75/cr

MEAUS 2001 CITY COST INDEX

TOTAL

89.9 LOGAU

OGDEN 88.7

PROVO 90.0

SLE 89.6

GRAUD JCT., COLOPHED = 85.9

L AUG = 89.55

MEAUS 2000

FROM 719-05-2, wb3

\$27/ton of steel

SF CSTUHE USING \$ 33,250 = \$665/ton

SCHOOLIFICH TO THE SPECTOR

# FIGURE 6: Tailings Storage Facility Acreages

### Tailings Misc acres disturbed:

	acres
Dam crest and beach	36.93
Seepage collection	
north seepage	0.71
middle seepage	0.20
south seepage	1.59
access- includes catch dam and seepage	2.55
Barge area - unreclaimed	18.9
Barge Area - reclaimed	5.5 1999
TOTAL AREA UNRECLAIMED	60.88
TOTAL AREA RECLAIMED	5.5
	66.38